

NAFTA AND GATT

A PRIMER FOR UNDERSTANDING

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TRADE MYTHS

EVERY NATION SHOULD SEEK SELF-SUFFICIENCY

EXPORTS ARE GOOD AND IMPORTS ARE BAD

PURPOSE OF TRADE IS TO BENEFIT PRODUCERS

TRADE DEGRADES THE ENVIRONMENT

TRADE GENERATES UNEMPLOYMENT

DUMPING IS BAD

THE ONLY GOOD TRADE IS "FAIR" TRADE

CLEAR UNDERSTANDING

NAFTA

NORTH AMERICAN FREE TRADE AGREEMENT

**CANDA
U.S.
MEXICO**

GATT

**GENERAL AGREEMENT ON TARIFFS AND TRADE
URUGUAY ROUND
1986 - 1983**

**117 COUNTRIES
90 PERCENT OF WORLD TRADE**

GATT

ELEMENTS OF AGRICULTURAL PROVISIONS

MARKET ACCESS

"TARIFICATION"
QUOTAS , VARIABLE LEVIES
RESTRICTIVE LICENSING

EXPORT SUBSIDIES

QUANTITY AND BUDGETARY OUTLAYS

INTERNAL SUPPORT

TRADE-DISTORTING POLICIES

SANITARY AND PHYTOSANITARY

SCIENTIFIC BASIS

General Agreement on Tariffs and Trade – Uruguay Round

Uruguay Round GATT Agreement 1995-2000

- Aggregate farm price and income support: Reduced 20%
- Export subsidies: Reduced 36% in value
Reduced 21% in quantity
- Market access:
 - Nontariff barriers converted to tariffs and reduced at least 15% by year 2000.
 - Minimum foreign access to domestic market 3% initially, 5% by year 2000
 - Japan 4% initially, 8% by year 2000
 - Korea 1% initially, 4% by year 2000
 - Affects U.S. beef, cotton, sugar, peanuts, and dairy (Section 22 of Agricultural Adjustment Act of 1933 used quotas to protect domestic support prices)
- Sanitary and phytosanitary measures:
 - Must be based on science; not protectionism *Codex Alimentaries* of FAO the guide?
- World Trade Organization:
 - Replace GATT

NAFTA Provisions

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Corn: 1.1 m.m.t. to Mexico in 1992
2.5 m.m.t. duty-free under NAFTA
+3%/yr. for 15 yrs. (3.8 m.m.t.)
Over quota 215% tariff. Free Market 15 yrs.

Grain sorghum: Eliminate 15% tariff immediately

Soybeans: \$400 million today
\$800-\$1,200 million by year 2000
0-29% duty phased out in 10 yrs.

Wheat: 15% tariff phased out in 10 yrs.

Cattle: Eliminate 15% tariff live cattle
Eliminate 20% tariff fresh beef
Eliminate 25% tariff frozen beef

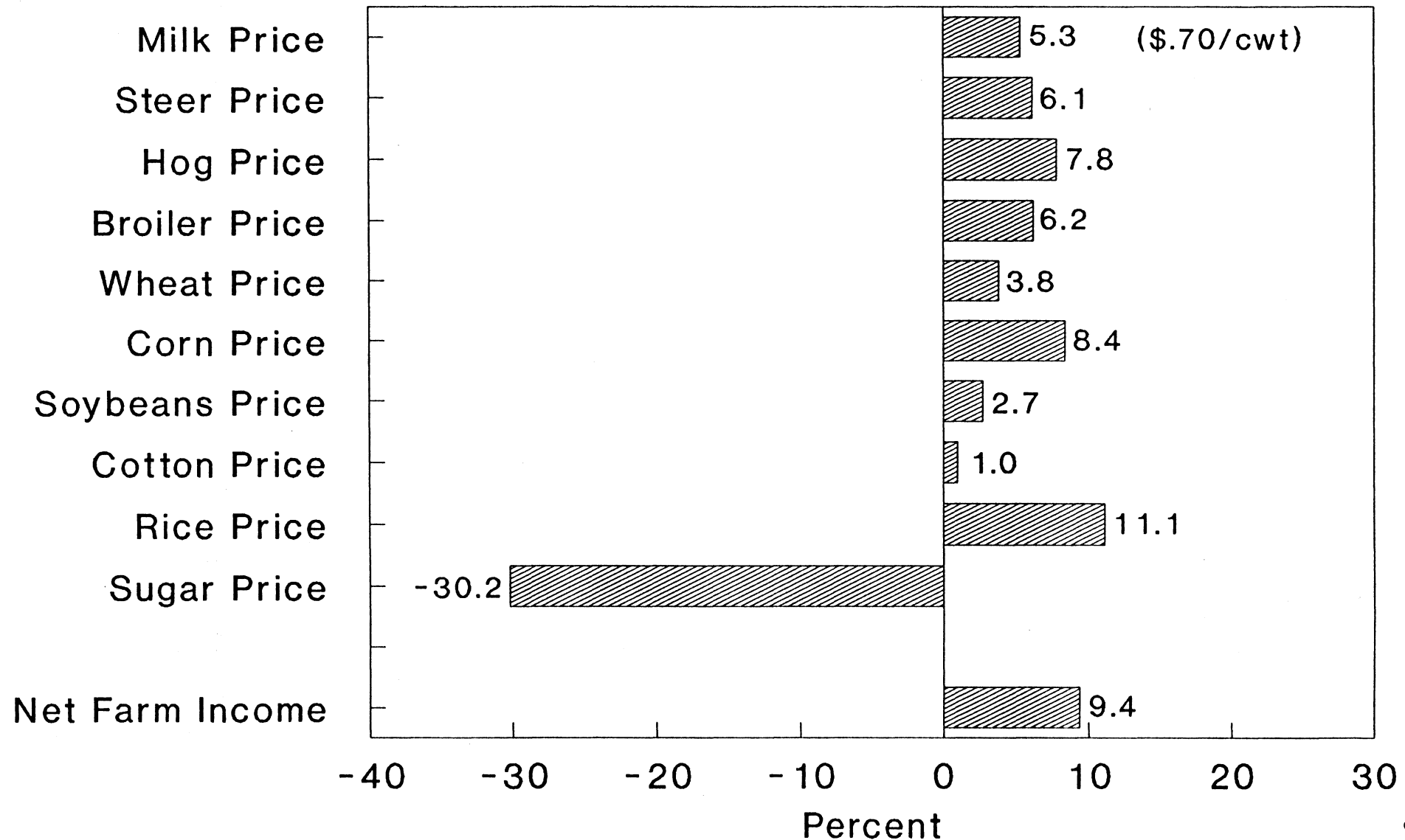
Poultry: Drop licensing requirement
Allow 95,000 tons duty-free +3% increase/yr.

Half of agricultural exports free market immediately.

Gains in U.S. and Ohio Farm Receipts in Year 2000 from NAFTA and GATT (UR)

Commodity	NAFTA		GATT (UR)	
	U.S.	Ohio	U.S.	Ohio
(\$ Million)				
Crops				
Soybeans	450	31	20	1
Corn and other feedgrains	450	20	400	18
Wheat	50	2	-80	-3
Other	80	1	31	0
Livestock and products				
Pork	175	7	550	23
Beef	300	3	-20	0
Poultry	80	2	275	6
Dairy	25	1	20	1
Other	115	2	10	1
Total ¹	1,725	69	1,206	47

Price Increase from GATT 1997-2000



Source: CARD